(ii) Proposals for renewal of existing credit facilities — *45* days

(iii) Proposals for adhoc credit facilities — 30 days

(c) Yes, Sir.

(d) and (e) The Consultants have recommended restructuring of the SBI Central Office and Local Head Offices. The bank management has to consider to recommendations in depth and take a view after considering all the aspects.

**Losses incurred by Punjab and Sind Bank**

3398. SHRI VIRENDRA KATARIA : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the statutory auditors of Punjab and Sind Bank certified the operating loss of Rs. 175 crore for the financial year ending 31st March, 1994 which fact has not been indicated in the published accounts of the Bank but has shown a profit of less than ten lakh for the said year; and

(b) the action taken by Government in this regard as this action of the Bank is mis-leading for the general public and against the interest of the depositors and shareholders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Punjab & Sind Bank has reported that the Statutory Central Auditors of the bank, had not certified that operating loss of the bank was Rs. 175 crores for the year 1993-94. They had certified net loss of Rs. 175,98,60,000 and the same had been indicated in the published accounts of the bank. The bank has further reported that the balance sheet of the bank shows operating profit of Rs. 3.02 lakh's.

(b) Does not arise.

**Employer's connivance in evasion of Income-Tax**

3399. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

. (a) whether Government are aware that several employers are undervaluing the salaries of their employees by separating their allowances, perquisite's etc.;

(b) whether such an act by the employers is evading the Income tax to the tdne of crores of rupees; and

(c) if so, what action Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir. The Government is aware that some employers are not properly deducting tax at source in respect *of* some allowances and perquisites paid to their employees.

(b) and (c) It is not possible to quantify the extent of evasion in such cases since the employees may have paid proper taxes after including Such allowances and perquisites in their return of income. Cases of big employers are being vigoursly monitored to ensure that Proper tax is deducted at source. The Central Board of Direct Taxes has also issued circular's granting certain reliefs by way of exemption to the employers from penalty and prosecution proceeding if they made wood the short deduction of tax and paid it by 28th February, 1995.

For the purpose of clarifying the existing provisions regarding taxability of allowances, the Central Board of Direct Taxes has issued circular recently. The Finance Bill 1995 also proposes to specify in the Income Tax Rules the various exempt allowances.

**Modernisation of Tax Administration System**

3400. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state: